



Hon. Robert T. Matsui

Member of Congress

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Robert T. Matsui

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CONTACT: CODY HARRIS
(202) 225-7163/(202) 225-0564

GAO STUDY CONFIRMS SOCIAL SECURITY PRIVATIZATION WOULD HURT MINORITIES

WASHINGTON, DC—The General Accounting Office (GAO) released a study that shows proposals to replace Social Security's guaranteed retirement, disability, and survivors benefits with private accounts would hurt minority families who depend on Social Security. House Ways and Means Social Security Ranking Member Robert T. Matsui (D-CA) requested the GAO study. The study refutes supporters of privatization who claim that African-Americans and Hispanics are treated unfairly by Social Security and would benefit from private accounts.

"This study confirms what defenders of Social Security have said all along. Social Security is a lifeline for African-American and Hispanic families," said Matsui. "Those who claim otherwise in an attempt to sell privatization simply do not have the facts straight."

The GAO study verifies that Social Security's progressive benefit formula helps minorities by giving more assistance to workers with lower lifetime wages. Minorities also benefit greatly from Social Security's disability and survivors insurance. In addition, minorities tend to rely more heavily on Social Security to provide a basic living income in retirement, because they are less likely to enjoy employer-provided pensions or personal savings. Actuarial analyses of various privatization proposals have shown that diverting Social Security payroll contributions into private accounts will lead to significant cuts in guaranteed benefits for retirees, disabled workers, and survivors alike.

"There's no question that minorities benefit disproportionately from the survivors and disability components of Social Security," continued Matsui. "According to President Bush's own Social Security Commission, privatization would gut these benefits to finance private accounts."

In January 2003, Congressman Matsui and other Democratic members of the House Ways and Means Committee urged President Bush to send Congress legislation detailing his plans for Social Security or else sit down in a bipartisan way with Congressional leaders to deal with the program's long term financial challenges. The White House has yet to respond.

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